

Message Text

CONFIDENTIAL

PAGE 01 TOKYO 09259 220445Z

ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 EA-07 ISO-00 SP-02 AID-05
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 DODE-00 PM-04 H-01 L-03
PA-01 PRS-01 NSCE-00 SSO-00 USIE-00 INRE-00 /102 W
-----036747 220448Z /21

O R 220412Z JUN 77

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 8816

AMEMBASSY PARIS IMMEDIATE

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

C O N F I D E N T I A L TOKYO 9259

PARIS ALSO FOR US MISSION OECD FOR RALPH KORP

PARIS FOR TREASURY ATTACHE DYCHE

BRUSSELS ALSO FOR US MISSION EEC

E.O. 11652: GDS

TAGS: EFIN, PO, JA

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SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: A) TOKYO 9159

B) STATE 142564

1. SUMMARY: JAPAN SAYS IT IS CONSIDERING YEN EQUIVALENT OF
\$75 MIL IN LOANS FOR FINANCIAL ASSISTANCE TO PORTUGAL, OF

WHICH YEN EQUIVALENT OF \$50 MIL WOULD BE UNTIED. JAPAN EXPORT-IMPORT BANK WOULD PROVIDE YEN EQUIVALENT OF \$25 MIL AS DIRECT LOAN AND REMAINDER WOULD BE LOAN BY COMMERCIAL BANKS WITH EXPORT-IMPORT BANK GUARANTEE. END SUMMARY.

2. ECONOMIC MINISTER AND FINATT CALLED ON YAMAGUCHI (OVERSEAS PRIVATE INVESTMENT DIVISION, INTERNATIONAL FINANCE BUREAU, MINISTRY OF FINANCE) (AT HIS REQUEST) TO HEAR JAPAN'S RESPONSE TO REQUEST FOR BALANCE OF PAYMENTS ASSISTANCE FOR PORTUGAL. YAMAGUCHI SAID JAPAN IS NOW CONSIDERING SYNDICATED LOAN BY JAPAN EXPORT-IMPORT BANK AND PRIVATE BANKS (WITH EXIM GUARANTEE) IN YEN EQUIVALENT OF \$75 MIL. OF THIS WHOLE AMOUNT, HE SAID, YEN EQUIVALENT OF \$50 MIL WOULD BE LOANS BY MAJOR COMMERCIAL BANKS GUARANTEED BY JAPAN EXPORT-IMPORT BANK, WITH REMAINDER OF THE AMOUNT THEY ARE CONSIDERING EXPORT-IMPORT BANK LOAN RESTRICTED TO FINANCING IMPORTS OF CAPITAL GOODS. WITH RESPECT TO UNTYING OF ASSISTANCE, HE SAID THAT OF WHOLE AMOUNT, YEN EQUIVALENT OF \$50 MIL WOULD BE IN UNTIED ASSISTANCE WITH REMAINDER TIED.

3. YAMAGUCHI EMPHASIZED THAT JAPAN IS CONSIDERING THIS LOAN PACKAGE BUT CANNOT FORMALLY COMMIT ITSELF NOW TO ITS COMPLETION. COMMERCIAL BANKS HAVE NOT YET AGREED TO PROVIDE YEN EQUIVALENT OF \$50 MIL AND WOULD NOT AGREE TO THIS WITHOUT EXPORT-IMPORT BANK GUARANTEE. FORMULA OF GUARANTEE BEING CONSIDERED IS, SAID YAMAGUCHI, NEW AND REQUIRES LEGAL INTERPRETATION BEFORE LOAN AGREEMENT COULD BE CONCLUDED.
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4. ALTHOUGH YEN EQUIVALENT OF \$25 MIL IN DIRECT EXPORT-IMPORT BANK LOAN IS TO BE ONLY FOR CAPITAL GOODS, YAMAGUCHI SAID IN RESPONSE TO QUESTION THAT JAPAN WOULD RECONSIDER THAT ASPECT OF THE LOAN AGREEMENT IF EVENTS SHOWED THAT THAT PORTION OF LOAN WAS NOT EFFECTIVELY BEING UTILIZED DUE TO SUCH A RESTRICTION.

5. YAMAGUCHI SAID JAPAN WAS CONCERNED THAT AMOUNTS IT AND SOME SMALLER CONTRIBUTORS WERE EXPECTED TO CONTRIBUTE HAD BEEN INCREASED WHEREAS U.S. AND GERMAN SOURCES WERE REPORTEDLY THE SAME AS WHEN LOAN WAS TO BE FOR 12-15 MONTH PERIOD. WHILE RECOGNIZING THAT THIS MAY REFLECT U.S. CONGRESSIONAL PROCEDURE FOR BUDGET CONSIDERATION, HE SAID JAPAN WOULD ASK FOR CLARIFICATION REGARDING THIS AT PARIS LUNCHEON (REF B).

6. EMBASSY BELIEVES THAT WHILE SOME PART OF JAPANESE PACKAGE WILL HAVE TO BE TIED, FURTHER U.S. URGING MAY INCREASE SHARE OF LOAN THAT IS UNTIED.
MANSFIELD

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NNN

Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 22-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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